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世茂集團

SHIMAO GROUP HOLDINGS LIMITED

世茂集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 813)

**DISCLOSEABLE TRANSACTIONS
IN RELATION TO FINANCIAL ASSISTANCE**

THE FINANCIAL ASSISTANCE

In 2020 and 2021, the Group provided financial assistances to certain associated companies and joint ventures of the Group which constituted notifiable transactions for the Company. Set out below is a summary of such transactions:

(1) The first transaction

Between March 2020 and December 2020, the Group provided credit enhancements in the form of pledge guarantees in the aggregated guaranteed amount of RMB5.6 billion for three trust loans of Nanjing Shirong. Particulars of the trust loans are set out below:

	First Trust Loan	Second Trust Loan	Third Trust Loan
Date of guarantee:	31 March 2020	23 June 2020	14 December 2020
Lender:	AVIC Trust	Zijin Trust	Lujiazui Trust
Loan amount:	RMB1.6 billion	RMB1.5 billion	RMB2.5 billion
Term:	24 months from 29 June 2020	12 months from the date of drawdown of the loan, and was extended to 15 June 2022	13 months from 18 December 2020

	First Trust Loan	Second Trust Loan	Third Trust Loan
Interest rate:	9.9% per annum	10.5% per annum	10.3% per annum
Repayment:	29 June 2022	Before or upon maturity of the loan	Before or upon maturity of the loan
	As at the date of this announcement, the loan balance has been fully repaid.	As at the date of this announcement, the loan balance has been fully repaid.	As at the date of this announcement, loan balance of RMB1.831 billion remains outstanding and the Group is negotiating with Lujiazui Trust for settlement.
Maximum guaranteed amount:	RMB1.6 billion	RMB1.5 billion	RMB2.5 billion
Asset of the Group used as security:	<ul style="list-style-type: none"> – land of the Huaibei project (淮北項目) – land of the Wuxi Xidu project (無錫溪都項目) 	<ul style="list-style-type: none"> – land of the Yangzhou project (揚州項目) 	<ul style="list-style-type: none"> – a commercial property in Wuhu (蕪湖) – second mortgage on 93 residential units at Pucheng Road in Shanghai (上海浦城路) – land of the Nanjing project

In August 2021, the Group provided a further pledge guarantee as credit enhancement for another trust loan of Nanjing Shirong and the guaranteed amount was RMB 2.5 billion. Details of such trust loan are set out below:

Date of guarantee:	10 August 2021
Lender:	Guotong Trust
Loan amount:	RMB2.5 billion
Term:	12 months from the date of drawdown of the loan, and was extended to March 2023
Interest rate:	10.8% per annum

Repayment: Before or upon maturity of the loan.

As at the date of this announcement, loan balance of RMB0.337 billion remains outstanding and the Group is negotiating with Guotong Trust for settlement.

Maximum guaranteed amount: RMB2.5 billion

Asset of the Group used as security: land of the Ma'anshan project (馬鞍山項目)

The pledge guarantees were provided by the Group free of consideration.

The proceeds from the trust loans were transferred back to the Group and used by the Group for project development and as general working capital.

(2) The second transaction

Between September 2020 and August 2021, the Group provided two guarantees and two pledge guarantees as credit enhancements for four trust loans of Shanghai Qianyi. The aggregated guaranteed amount was RMB2.944 billion. Particulars of the trust loans are as follows:

	First Trust Loan	Second Trust Loan	Third Trust Loan [#]	Fourth Trust Loan
Date of guarantee:	8 September 2020	1 February 2021	12 April 2021 & 6 May 2021	1 August 2021
Lender:	Zhongcheng Trust	Hua'ao Trust	Zhongcheng Trust	Guotong Trust
Loan amount:	RMB1.4 billion	RMB0.5 billion	RMB0.6 billion & RMB0.2 billion	RMB0.03 billion
Term:	18 months from the date of drawdown of the loan, and was extended to 7 July 2023	3 months from 28 April 2021	24 months from 14 April 2021 & 10 May 2021	12 months from the date of drawdown of the loan
Interest rate:	10.2% per annum	9.5% per annum	8% per annum	8.85% per annum
Repayment:	Before or upon maturity of the loan	7 August 2021	14 April 2023 & 10 May 2023	Before or upon maturity of the loan

	First Trust Loan	Second Trust Loan	Third Trust Loan[#]	Fourth Trust Loan
	As at the date of this announcement, loan balance of RMB0.437 billion remains outstanding and the Group is negotiating with Zhongcheng Trust for settlement.	As at the date of this announcement, the loan balance has been fully repaid.	As at the date of this announcement, loan balance of RMB0.6 billion remains outstanding and the Group is negotiating with Zhongcheng Trust for settlement.	As at the date of this announcement, loan balance of RMB0.03 billion remains outstanding and the Group is negotiating with Guotong Trust for settlement.
Maximum guaranteed amount:	RMB1.614 billion	RMB0.5 billion	RMB0.6 billion & RMB0.2 billion	RMB0.03 billion
Asset of the Group used as security:	<ul style="list-style-type: none"> - 100% of the equity capital of a subsidiary - the land and construction in progress of the Shimao Foshan Tancun project (世茂佛山譚村項目) 	-	<ul style="list-style-type: none"> - the Hangzhou River Hotel property (杭州之江酒店建築物) 	-

[#] The trust loan was provided in two phases.

The guarantees and the pledge guarantees were provided by the Group free of consideration.

The proceeds from the trust loans were transferred back to the Group and used by the Group for project development and as general working capital.

(3) The third transaction

In June 2020, the Group provided pledge guarantees as credit enhancements for two trust loans of Tianjin Shimao. The aggregated guaranteed amount was RMB5.479 billion. Particulars of the trust loans are as follows:

	First Trust Loan	Second Trust Loan
Date of guarantee:	5 June 2020	21 June 2020
Lender:	Zhongrong Trust	Zhongcheng Trust
Loan amount:	RMB2.5 billion	RMB2.33 billion
Term:	24 months from the date of drawdown of the loan	33 months from the date of drawdown of the loan
Interest rate:	8.8% per annum	10% per annum
Repayment:	Before or upon maturity of the loan	Before or upon maturity of the loan
	As at the date of this announcement, loan balance of RMB0.395 billion remains outstanding and the Group is negotiating with Zhongrong Trust for settlement.	As at the date of this announcement, loan balance has been fully repaid
Maximum guaranteed amount:	RMB2.5 billion	RMB2.979 billion
Asset of the Group used as security:	– a hotel property in Fuzhou	– 100% of the equity capital of a subsidiary of the Group – account receivables of RMB3.4 billion due from the pledged subsidiary

The pledge guarantees were provided by the Group free of consideration.

The proceeds from the trust loans were transferred back to the Group and used by the Group for project development and as general working capital.

(4) The fourth transaction

Between June 2019 and March 2020, the Group provided a guarantee and a pledge guarantee as credit enhancements for two trust loans of Shaanxi Kaicheng. The aggregated guaranteed amount was RMB4.3 billion. Particulars of the trust loans are as follows:

	First Trust Loan	Second Trust Loan
Date of guarantee:	1 June 2019	1 March 2020
Lender:	Xiamen Trust	CITIC Trust
Loan amount:	RMB1.8 billion	RMB2.5 billion
Term:	36 months from the date of drawdown of the loan	24 months/36 months from the date of drawdown of the loan
Interest rate:	8.5% per annum	9.801% per annum
Repayment:	Before or upon maturity of the loan.	Before or upon maturity of the loan.
	As at the date of this announcement, loan balance of RMB0.772 billion remains outstanding and the Group is negotiating with Xiamen Trust for settlement.	As at the date of this announcement, loan balance of RMB2.5 billion remains outstanding and the Group is negotiating with CITIC Trust for settlement.
Maximum guaranteed amount:	RMB1.8 billion	RMB2.5 billion
Asset of the Group used as security:	–	land of the Shenzhen project

The guarantee and pledge guarantee were provided by the Group free of consideration.

The proceeds from the trust loans were transferred back to the Group and used by the Group for project development and as general working capital.

INFORMATION ON THE PARTIES

The Company

The Group is principally engaged in the development and investment of residential and commercial properties, property management, commercial properties operation and hotel operation in the PRC.

Nanjing Shirong

Nanjing Shirong is a limited liability company established in the PRC in July 2017. It is principally engaged in the business of property development. It was a 50% owned joint venture of the Group at the time when the Group provided the credit enhancement. In August 2021, the other shareholder of Nanjing Shirong, an independent third party, exited from the joint venture and Nanjing Shirong is currently an indirect wholly-owned subsidiary of the Group.

Shanghai Qianyi

Shanghai Qianyi is a limited liability company established in the PRC in September 2017. It is principally engaged in the procurement and sale of building materials. It was a 30% owned associated company of the Group at the time when the Group provided the credit enhancement. In June 2022, the other shareholder of Shanghai Qianyi, an independent third party, exited from the joint venture and Shanghai Qianyi is currently an indirect wholly-owned subsidiary of the Group.

Tianjin Shimao

Tianjin Shimao is a limited liability company established in the PRC in October 2017. It is principally engaged in the business of property development. It was a 50% owned joint venture of the Group at the time when the Group provided the credit enhancement. The other shareholder, an independent third party, in Tianjin Shimao exited from the joint venture arrangement in 2022 and Tianjin Shimao is currently an indirect wholly-owned subsidiary of the Group.

Shaanxi Kaicheng

Shaanxi Kaicheng is a limited liability company established in the PRC in April 2006. It is principally engaged in the business of property development. It was a 50% owned joint venture of the Group at the time when the Group provided the credit enhancement. The other shareholder, an independent third party, in Shaanxi Kaicheng exited from the joint venture arrangement in 2022 and Shaanxi Kaicheng is currently an indirect wholly-owned subsidiary of the Group.

AVIC Trust

AVIC Trust is a joint-stock non-bank financial institution approved by the National Administration of Financial Regulation (“NAFR”) which was established in May 2023 to replace the former China Banking and Insurance Regulatory Commission. It is principally engaged in the provision of financial services. It is controlled by 中航投資控股有限公司 (AVIC Investment Holdings Co., Ltd.*), a state-owned enterprise that is engaged in industrial investment, equity investment, investment consultancy and other businesses.

Zijin Trust

Zijin Trust is a non-bank financial institution approved by the NAFR and is principally engaged in the provision of financial services. It is controlled by 南京紫金投資集團有限責任公司 (Nanjing Zijin Investment Group Co., Ltd.*), a state-owned enterprise that is mainly engaged in equity investment, industrial investment, asset management, financial consultancy, investment consultancy and other businesses.

Lujiazui Trust

Lujiazui Trust is a non-bank financial institution approved by the NAFR and is principally engaged in the provision of financial services. It is controlled by 上海陸家嘴金融發展有限公司 (Shanghai Lujiazui Financial Development Co., Ltd.*), a state-owned enterprise that is mainly engaged in the investment and management in the fields of the finance, industrial and commerce and urban infrastructure, investment consultancy, enterprise mergers and acquisitions and other businesses.

Guotong Trust

Guotong Trust is a non-bank financial institution approved by the NAFR and is principally engaged in the provision of financial services. It is controlled by 武漢金融控股(集團)有限公司 (Wuhan Financial Holdings (Group) Co., Ltd.*), which is a state-owned enterprise principally engaged in the businesses of finance and industrial investments.

Zhongcheng Trust

Zhongcheng Trust is a non-bank financial institution approved by the NAFR and is principally engaged in various trust businesses. Its main shareholders are 中國人民保險集團股份有限公司 (the People’s Insurance Company of China*) (32.92%), 國華能源投資有限公司 (Guohua Energy Investment Co., Ltd.*) (20.35%) and 山東能源集團有限公司 (Shandong Energy Group Co., Ltd.*) (10.18%). These three shareholders are all state-owned companies, and are engaged in the businesses of investment, power supply and coal sales, respectively.

Hua’ao Trust

Hua’ao Trust is a non-bank financial institution jointly funded by 北京融達投資有限公司 (Beijing Rongda Investment Co., Ltd.*) (50.01%) and 重慶財信企業集團有限公司 (Chongqing Caixin Enterprise Group Co., Ltd.*) (49.99%). It is mainly engaged in the provision of financial services. Beijing Rongda Investment Co., Ltd. is mainly engaged in industrial and financial investment and asset management. Chongqing Caixin Enterprise Group Co., Ltd. is a multi-industry and investment group company, engaging in infrastructure investment and operation, environmental protection industry, smart property, real estate development, and financial investment.

Zhongrong Trust

Zhongrong Trust is a non-bank financial institution approved by the NAFR and is principally engaged in the provision of financial services. It is controlled by 經緯紡織機械股份有限公司 (Jingwei Textile Machinery Co., Ltd.*), a subsidiary of a state-owned enterprise, namely 中國機械工業集團有限公司 (China National Machinery Industry Corporation*), that is principally engaged in the production of textile machinery and other electromechanical products businesses.

Xiamen Trust

Xiamen Trust is a non-bank financial institution approved by the NAFR and is principally engaged in the trust, wealth management and capital business. It is controlled by 廈門金圓金控股份有限公司 (Xiamen Jinyuan Jinkong Co., Ltd.*), which is a state-owned enterprise principally engaged in the businesses of financial products and services.

CITIC Trust

CITIC Trust is a non-bank financial institution approved by the NAFR and is principally engaged in the provision of financial services. It is controlled by 中國中信集團有限公司 (China CITIC Group*), a state-owned enterprise that is principally engaged in finance, industrial and other services.

To the best knowledge of the Directors, having made reasonable enquiry, each of AVIC Trust, Zijin Trust, Lujiazui Trust, Guotong Trust, Zhongcheng Trust, Hua'ao Trust, Zhongrong Trust, Xiamen Trust and CITIC Trust, and their ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

REASONS FOR THE FINANCIAL ASSISTANCE

The transactions disclosed in this announcement are part of the trust loan arrangements of the Group which were the subject of an independent investigation and internal control review. Please refer to the announcements of the Company dated 23 June 2023 and 21 July 2023 for more details about the trust arrangements and internal control review.

The Board and the audit committee of the Board are of the view that the credit enhancements were fair and reasonable for the following reasons:

1. there were reasonable commercial grounds to use the trust arrangements; and
2. the proceeds obtained from the trust arrangements were finally flowed back to the Group and used by the Group for development and construction of property projects, and daily operations. There have been no outflow of funds from the Group or any misappropriation of funds into personal accounts. Under such circumstances, the credit enhancement provided by the Group to the trust companies, such as equity and asset pledges and corporate guarantees, were considered to be reasonable and not detrimental to the interests of the Group.

IMPLICATIONS UNDER THE LISTING RULES

The provision of credit enhancements in the form of guarantees, pledge of equities or assets to the trust corporations for the borrowings of associated companies and joint ventures of the Group constituted financial assistance under Rule 14.04(1)(e) of the Listing Rules. Transactions conducted within a 12-month period should be treated as if they were one transaction under Rule 14.22 of the Listing Rules, and accordingly the guarantee amounts under those transactions should be aggregated. As the highest applicable percentage ratio in respect of the credit enhancements provided to each of Nanjing Shirong, Shanghai Qianyi, Tianjin Shimao and Shaanxi Kaicheng is more than 5% but less than 25%, the credit enhancement provided to each of Nanjing Shirong, Shanghai Qianyi, Tianjin Shimao and Shaanxi Kaicheng constituted a discloseable transaction for the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

SUPPLEMENTAL INFORMATION ON DISCLOSEABLE TRANSACTION REGARDING THE ACQUISITION OF EQUITY INTERESTS IN THE PROJECT COMPANY

Reference is made to the announcement of the Company dated 9 August 2023 in relation to the Acquisition (the “**Announcement**”). Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

The Company would like to supplement that the consideration of RMB754,502,000 for the Acquisition was paid by the Group’s internal funding of RMB30,000,000 and borrowing of RMB724,502,000 from the Project Company. The loan provided by the Project Company to the Purchaser came from its own funds of RMB90,000,000 and repayment of current accounts of RMB634,502,000 by the Vendor to the Project Company.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“AVIC Trust”	中航信託股份有限公司 (AVIC Trust Co., Ltd.*) is a company established in the PRC with limited liability;
“Board”	the board of the Company;
“CITIC Trust”	中信信託有限責任公司 (CITIC Trust Co., Ltd.*) is a company established in the PRC with limited liability;
“Company”	Shimao Group Holdings Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange;
“connected persons”	has the meaning ascribed to it under the Listing Rules;

“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Guotong Trust”	國通信託有限責任公司 (Guotong Trust Co., Ltd.*) is a company established in the PRC with limited liability;
“Hua’ao Trust”	華澳國際信託有限公司 (Sino-Australian International Trust Co., Ltd.*) is a company established in the PRC with limited liability;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Lujiazui Trust”	陸家嘴國際信託有限公司 (Lujiazui International Trust Corporation Limited*) is a company established in the PRC with limited liability;
“Nanjing Shirong”	南京世榮置業有限公司 (Nanjing Shirong Real Estate Co., Ltd.*), a limited liability company established in the PRC;
“PRC”	the People’s Republic of China;
“Shaanxi Kaicheng”	陝西開城實業有限公司 (Shaanxi Kaicheng Industrial Co., Ltd.*), a limited liability company established in the PRC;
“Shanghai Qianyi”	上海騫奕建材有限公司 (Shanghai Qianyi Building Materials Co., Ltd.*), a limited liability company established in the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tianjin Shimao”	天津世茂新領航置業有限公司 (Tianjin Shimao Xinlinghang Real Estate Co., Ltd.*), a limited liability company established in the PRC;
“Xiamen Trust”	廈門國際信託有限公司 (Xiamen International Trust Co., Ltd.*) is a limited liability company established in the PRC;
“Zhongcheng Trust”	中誠信託有限責任公司 (Zhongcheng Trust Co., Ltd.*) is a company established in the PRC with limited liability;
“Zhongrong Trust”	中融國際信託有限公司 (Zhongrong International Trust Co., Ltd.*) is a company established in the PRC with limited liability;

“Zijin Trust”

紫金信託有限責任公司 (Zijin Trust Co., Ltd.*) is a company established in the PRC with limited liability; and

“%”

per cent.

On behalf of the Board
Shimao Group Holdings Limited
Hui Sai Tan, Jason
Vice Chairman and President

Hong Kong, 31 August 2023

As at the date of this announcement, the Board comprises four Executive Directors, namely, Mr. Hui Wing Mau (Chairman), Mr. Hui Sai Tan, Jason (Vice Chairman and President), Ms. Tang Fei and Mr. Xie Kun; two Non-executive Directors, namely, Mr. Lu Yi and Mr. Ye Mingjie; and three Independent Non-executive Directors, namely, Mr. Lyu Hong Bing, Mr. Lam Ching Kam and Mr. Fung Tze Wa.

* For identification only.